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UNITED NATIONS RELIEF AND WORKS AGENCY FOR PALESTINE REFUGEES IN THE NEAR EAST

Report of the Working Group on the Financing of the United Nations Relief and Works Agency for Palestine Refugees in the Near East

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I. INTRODUCTION

A. Origin and background of the Working Group

1. The Working Group on the Financing of the United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA) was established by the General Assembly under resolution 2656 (XXV) of 7 December 1970 to study all aspects of the financing of the Agency. In the resolution, the Assembly requested the Working Group to assist the Secretary-General and the Commissioner-General of UNRWA in reaching solutions to the problems posed by the Agency's financial crisis.

2. At the twenty-fifth and succeeding sessions, the General Assembly considered the reports submitted to it by the Working Group, 1/ and adopted resolutions commending the efforts of the Working Group and requesting it to continue them for a further year. 2/

3. The Working Group consists of the representatives of France, Ghana, Japan, Lebanon, Norway, Trinidad and Tobago, Turkey, the United Kingdom of Great Britain and Northern Ireland and the United States of America. The Chairman of the Working Group is Mr. Mustafa Aksin of Turkey.

B. Consideration of the report of the Working Group at the forty-sixth session of the General Assembly

4. The report of the Working Group on its activities in 1991 3/ was considered by the General Assembly at its forty-sixth session under agenda item 72, entitled "United Nations Relief and Works Agency for Palestine Refugees in the Near East". At its 3rd plenary meeting, on 20 September 1991, the Assembly decided to include this item in its agenda and to allocate it to the Special Political Committee, which considered it at its 22nd to 25th meetings on 15 and from 18 to 20 November 1991.

5. At the 25th meeting of the Committee, on 20 November 1991, the representative of the Netherlands introduced a draft resolution entitled "Working Group on the Financing of the United Nations Relief and Works Agency for Palestine Refugees in the Near East" (A/SPC/46/L.13) sponsored by Austria, Bangladesh, Canada, Denmark, Germany, Indonesia, Malaysia, the Netherlands, New Zealand, Pakistan, the Philippines, Spain, Sweden and Yugoslavia, and subsequently joined by Turkey.

6. Under the terms of the draft resolution, the General Assembly would:

(a) Commend the Working Group for its efforts to assist in ensuring the Agency's financial security;

(b) Take note with approval of the report of the Working Group;

(c) Request the Working Group to continue its efforts, in cooperation with the Secretary-General and the Commissioner-General of UNRWA, for the financing of the Agency for a further period of one year;

(d) Request the Secretary-General to provide the necessary services and assistance to the Working Group for the conduct of its work.

7. At its 25th meeting, on 20 November 1991, the Committee adopted the draft resolution without a vote.

8. At its 66th plenary meeting, on 9 December 1991, the General Assembly considered the draft resolution regarding the Working Group, which had been recommended by the Special Political Committee together with other draft resolutions under this item. On 9 December 1991, the Assembly adopted the draft resolution without a vote as resolution 46/46 B.

II. ACTIVITIES OF THE WORKING GROUP DURING 1992

9. Throughout the year, the members of the Working Group have followed with concern the difficulties experienced by the Agency and in particular the serious financial situation it continued to face. The Working Group held two meetings, on 2 September and 22 October 1992, to consider the recent developments in the Agency's financial situation and to prepare its report to the General Assembly. The Working Group adopted its report at its meeting on 22 October 1992.

10. At its meeting on 2 September 1992, the Working Group heard the Comptroller of UNRWA, who submitted an up-to-date report on the financial situation of the Agency. The Working Group gave further consideration to the Comptroller's report at its meeting on 22 October 1992 (see sect. III below).

III. FINANCIAL SITUATION OF THE UNITED NATIONS RELIEF AND WORKS AGENCY FOR PALESTINE REFUGEES IN THE NEAR EAST

11. UNRWA received sufficient funds in 1991 to implement its regular programme in basic accordance with established plans. The Agency ended the year with an excess of income over expenditure of $14.3 million, of which $3.4 million was allocated to finance unfunded construction projects, $1.5 million was allocated to the Gaza Hospital Fund and $0.9 million was used to cover a deficit arising in the special account set up for extraordinary costs incurred as a result of the Persian Gulf war and its aftermath. Of the remainder of the surplus, $6.5 million was set aside as a special reserve for emergencies and other contingencies and $2 million was added to the Agency's working capital in the General Fund. At the end of 1991, the Agency's working capital reserve amounted to some $33.7 million. This was equivalent to expenditure on the Agency's regular operations for a period of between six and seven weeks at the level budgeted for 1993. By the end of 1991, the account for Funded Ongoing Activities, which are a core part of the Agency's regular

programme budget, showed a negative balance of $6.3 million. The fund for Extraordinary Measures in Lebanon and the Occupied Territory (EMLOT) showed a positive balance at the end of 1991 of $5.5 million. However, even with additional income of $2.9 million received or pledged for EMLOT in 1992, this was insufficient to cover anticipated expenditure of $13 million for EMLOT programmes in 1992. Indeed, the funding for EMLOT was expected to be between $4 million and $5 million below budgeted levels by the end of 1992, and the difficulty of obtaining adequate funding on an ongoing basis for the EMLOT programme is a matter of serious and continuing concern, particularly in the light of prevailing uncertainties regarding future developments in the area.

12. Present indications are that UNRWA's 1992 regular programme is not fully funded by income received so far in 1992 or expected to be paid until the end of the year. This means that there may be an excess of expenditure over income on the order of $3 million to $4 million by the end of 1992, which would need to be covered by the Agency's working capital. So far, only some $9 million in funding has been obtained to finance capital and other construction projects budgeted for $14 million in 1992, leaving an unfunded balance of $5 million in this account. In 1992, agreement was reached with the Commission of the European Community to finance the construction phase of a 232-bed general hospital, which the Agency plans to build in the Israeli-occupied Gaza Strip. With a pledge of some $18 million from the European Community and another $1.8 million already received for this project by the beginning of 1991, the Gaza General Hospital project was able to enter the pre-tendering phase. However, funding still has not been secured for the equipping and furnishing of the hospital, or for its running costs for the first three years. Of the total estimated project cost of $35 million to build and equip the hospital and run it for three years, there remains an unfunded balance of $15.2 million, which should be met as soon as possible so that this vital project may be realized. In addition to EMLOT, the Agency continues to solicit funding for an Expanded Programme of Assistance (EPA). Contributions to this fund are used to finance a variety of projects such as infrastructural improvements to upgrade the quality of life of the refugees, pending a political solution. At present, some 200 projects are under implementation with a total budget of some $32 million. Budgets are established for projects under EPA as contributions are received. When the EPA was established in 1988, a $65 million programme of improvements was envisaged.

13. UNRWA is nearly mid-way through its current biennial budget for 1992-1993, which anticipates requirements of a total of $572 million for the core activities of the Agency under the General Fund, Funded Ongoing Activities and Capital and Special Projects. The 1992 share of these financial requirements was budgeted at $274.8 million, 4/ including some $14.4 million for Capital and Special Projects for which, as indicated above, only $9 million has actually been received, meaning that the implementation of a number of construction projects may have to be deferred to 1993 or later. Of the 1992 requirements, some $28.3 million is expected to be received in the form of in-kind contributions.

14. Deteriorating socio-economic conditions in the region have given rise to concern that the Agency's programmes of special assistance, which are already chronically underfunded, may not be sufficient to meet real humanitarian needs in the refugee community. These programmes of special assistance, embracing not only emergency responses but also longer-term economic development programmes such as job-creation and income-generating projects, should be seen against the backdrop of expected political changes in the region stemming from the ongoing peace process. The Agency's programmes, therefore, must be maintained not only to meet the present needs of the refugees and others in need but also with a view to enhancing economic prospects and building political confidence for the future. In the wake of the Persian Gulf war and its aftermath, including the resulting dislocation of tens of thousands of refugees and other Palestinians from the Gulf region, the Commissioner-General launched an appeal to donor Governments for special contributions to finance emergency assistance programmes in the Occupied Territory, Lebanon and Jordan. Among the projects identified for urgently required funding were additional classrooms to accommodate students whose families had returned to the area from the Gulf, and the replacement or renovation of Agency schools, clinics and other installations damaged or destroyed by the harshest winter weather in the region in living memory. Unfortunately, the response to two appeals issued by the Commissioner-General for such assistance, one in November 1991 and the other in April 1992, has been disappointing. So far, only about $6.9 million has been received or pledged from a handful of generous donors in response to these appeals.

IV. CONCLUDING REMARKS

15. The Working Group is pleased to note that UNRWA received sufficient funding to deliver the essential parts of its programmes in 1991 and expects to do so again in 1992. It expresses its appreciation to donors, especially those who increased their cont ibutions, for making this possible. It notes with concern, however, the difficulties experienced in maintaining the required level of contributions to sustain the EMLOT programme and that the EPA Fund and the emergency funding requirements outlined in the Commissioner-General's special appeals of November 1991 and April 1992 are still undersubscribed. It is particularly concerned that the EMLOT programme faces a serious cash shortfall and that the urgent needs pinpointed in the Commissioner-General's special appeals have not been fully addressed.

16. The Working Group commends the Commissioner-General for his efforts at fund raising. These include regular visits to donor countries, as well as informal meetings at Vienna with major donors and others, to explain the Agency's programmes and to discuss its problems. During the past year, UNRWA has been engaged in several promotional activities, including the production and exhibition of video documentaries, as well as participation in a number of fairs and international expositions such as EXPO-92 in Seville, Spain. The Commissioner-General has thus maintained and strengthened the relationship between UNRWA and its donors, which is indispensable if it is to surmount the very difficult problems it faces in sustaining financial support.

17. The Working Group shares the Commissioner-General's concern about the funding prospects for 1993. The Agency's expenditure in its regular programme is once again expected to increase by 5 per cent in order to meet the needs of a growing number of beneficiaries, especially school children, and to cover unavoidable increases in prices and staff salaries. While the Working Group is confident that the Commissioner-General will continue to keep a close watch on expenditures and to improve administrative efficiency, it seems inevitable that an increase in contributions will be necessary to cover expected expenditure on the regular programme. The Working Group is particularly concerned at the state of funding for the emergency-related programmes financed under EMLOT and EPA and for the remaining shortfalls in funding for the Gaza Hospital Fund and for the projects identified by the Commissioner-General for urgently needed funding in the wake of the Gulf crisis, despite the generous responses of some donors to funding appeals for the latter two programmes. There can be no doubt that these programmes are vital to the well-being of the refugee population and others in need in Lebanon, Jordan and the Israeli-occupied territory of the West Bank and Gaza Strip, who have in the year since the last report of this Group experienced additional hardship resulting from dislocation and the deterioration of socio-economic conditions in the region. The discontinuance of, or any reduction in, assistance to these populations could have disturbing humanitarian and political consequences. The Working Group commends the Agency for its response to these new and continuing humanitarian needs and for the measures it plans for the future, particularly in the areas of job-creation and income-generating projects, to help meet these needs. Inevitably, however, these new initiatives will place an even greater burden on the Agency's resources, which will require special fund-raising efforts and generous responses from the international community.

18. The Working Group therefore strongly urges all Governments to bear in mind the foregoing considerations when deciding upon the level of their contributions for 1992. In particular it urges that:

(a) Governments that have not yet contributed to UNRWA should start to do so;

(b) Governments that have so far made only relatively small contributions should increase their contributions;

(c) Governments that in the past have made generous contributions to UNRWA should continue to do so and should strive to increase them;

(d) Governments should consider making special contributions in support of the emergency-related programmes in Lebanon and in the occupied territory of the West Bank and Gaza Strip that would not affect their contributions to the regular programme;

(e) Governments should consider making special additional contributions for construction projects that would not affect their contributions to the regular programmes.

19. The Working Group notes that the Commissioner-General has continued his efforts to attract contributions to UNRWA from as wide a range of sources as possible, and urges the wealthier Governments in the region, in particular, to increase the level of their contributions.

Notes

1/ Official Records of the General Assembly, Twenty-fifth Session, Annexes, agenda item 35, document A/8264; ibid., Twenty-sixth Session, Annexes, agenda item 38, document A/8476; ibid., Twenty-seventh Session, Annexes, agenda item 40, document A/8849; ibid., Twenty-eighth Session, Annexes, agenda item 43, document A/9231; ibid., Twenty-ninth Session, Annexes, agenda item 38, document A/9815; ibid., Thirtieth Session, Annexes, agenda item 54, document A/10268 and A/10334; ibid., Thirty-first Session, Annexes, agenda item 53, document A/31/279; ibid., Thirty-second Session, Annexes, agenda item 55, document A/32/278; ibid., Thirty-third Session, Annexes, agenda item 50, document A/33/320; ibid., Thirty-fourth Session, Annexes, agenda item 50, document A/34/567; ibid., Thirty-fifth Session, Annexes, agenda item 53, document A/35/579; ibid., Thirty-sixth Session, Annexes, agenda item 60, document A/36/615; ibid., Thirty-seventh Session, Annexes, agenda item 65, document A/37/591; ibid., Thirty-eighth Session, Annexes, agenda item 73, document A/38/558; ibid., Thirty-ninth Session, Annexes, agenda item 75, document A/39/575; ibid., Fortieth Session, Annexes, agenda item 79, document A/40/736; ibid., Forty-first Session, Annexes, agenda item 79, document A/41/702; ibid., Forty-second Session, Annexes, agenda item 79, document A/42/633; ibid., Forty-third Session, Annexes, agenda item 76, document A/43/702; ibid., Forty-fourth Session, Annexes, agenda item 74, document A/44/641 and ibid., Forty-fifth Session, Annexes, agenda item 74, document A/45/645.

2/ Resolutions 2791 (XXVI) of 6 December 1971, 2964 (XXVII) of 13 December 1972, 3090 (XXVIII) of 7 December 1973, 3330 (XXIX) of 17 December 1974, 3419 (XXX) of 8 December 1975, 31/15 C of 23 November 1976, 32/90 D of 13 December 1977, 33/112 D of 18 December 1978, 34/52 D of 23 November 1979, 35/13 D of 3 November 1980, 36/146 E of 16 December 1981, 37/120 A of 16 December 1982, 38/83 B of 15 December 1983, 39/99 B of 14 December 1984, 40/165 B of 16 December 1985, 41/69 B of 3 December 1986, 42/69 B of 2 December 1987, 43/57 B of 6 December 1988, 44/47 B of 8 December 1989 and 45/73 B of 11 December 1990.

3/ Official Records of the General Assembly, Forty-sixth Session, Annexes, agenda item 72, document A/46/622.

4/ Ibid., Forty-seventh Session, Supplement No. 13 (A/47/13).